

## **REMARKS**

### **INTERVIEW SUMMARIES**

Several interviews and other telephone discussions were conducted between the undersigned and Examiner Kim on at least 8/4/2004, 8/31/2004, 9/3/2004 and 9/16/2004. The undersigned appreciates Examiner Kim's willingness to discuss this case and efforts to resolve the outstanding matters. The undersigned regrets that all issues could not be resolved during those discussions in view of the extraordinary number of Office Actions to date.

During the interview of 8/4/2004 and 8/31/2004, the undersigned explained the arguments below regarding Kleiman to Examiner Kim in detail. As a result of that explanation, Examiner Kim stated that he understood and accepted the distinctions explained and agreed that the claims patentably distinguish over the Kleiman reference. Despite this, no agreement was reached to the allowability of additional claims. Mr. Kim indicated that he felt that more searching was in order. As a result, Mr. Kim brought the following patents to Applicant's attention:

US 4,710,955 to Kauffman;  
US 6,025,868 to Russo;  
US 6,336,219 to Nathan; and  
US 6,755,744 to Nathan.

These references were discussed during the interviews, but on 9/16/2004 it was concluded best that Applicant respond to the current outstanding action prior to any further consideration of these references.

## **REMARKS**

Applicant appreciates the indication of allowability of claim 45 and respectfully traverses all rejections on the following grounds and requests reconsideration:

1. Kleiman has no playback credit bank within the meaning of Appellant's Application, and Kleiman does not deduct a playback credit when content is played.

The Office Action dated 10/24/2002 asserted (page 2, last paragraph) that Kleiman has a playback credit bank 212. This assertion is repeated in the Office Action dated 2/4/2003 (page 2, last paragraph) as well as the Office Action dated 7/9/2003 and the Office Action dated 2/17/2004 (page 2, last paragraph), as well as the current office action (page 3, line 2).

The response filed on 1/16/2003 explained (pages 2 through 4) using extensive quotes from the Kleiman's specification that Kleiman's monetary credits are deducted in order to decrypt and re-encrypt Kleiman's VET (Virtual Electronic Title) envelopes. In contrast, Appellant's playback credit bank deducts a playback credit when content is played. Accordingly, there is no disclosure in Kleiman that teaches or suggests a playback credit bank within the meaning of Appellant's application. MPEP 2141.02 requires that the invention as a whole must be properly considered in order to establish *prima facie* obviousness. Such an inquiry requires proper consideration of all elements of the claims as required by MPEP 2142.03.

2. The Examiner has admitted that Kleiman does not in fact have a playback credit bank within the meaning of Appellant's Application.

In the Office Action dated 2/14/2003 (page 3, third paragraph), the Examiner states:

*"Kleiman fails to specifically teach or fairly suggest of charging a customer when the electronic content is repeatedly played."*

In the same Office Action (page 5, section 4), the Examiner states:

*"the Applicant provided distinction between VET and VET envelope as disclosed in the reference to Kleiman ... Applicant's request for reconsideration based on reasons in remarks section is persuasive. In light of Applicant's*

*reasons and interpretation of Kleiman reference, additional search was warranted.”*

The above statement regarding the failure of the Kleiman reference is repeated in the Office Action of 2/14/2003 (page 3, second paragraph) as well as the Office Action of 7/9/2003, the Office Action dated 2/17/2004 and the current Office Action (page 3, lines 13 and 14).

Thus, it has not only been established as argued in section 1. above that Kleiman has no playback credit bank and does not deduct a credit when content is played as called for in the claims, but additionally, the Examiner admits and repeatedly reiterates that this is the case. It is clearly the case that Kleiman does not meet these claim features, despite continued statements that Kleiman teaches a playback credit bank (section 4, second paragraph). It is believed that the Examiner’s continued reference to Kleiman having a playback credit bank 212 is again the result of an inadvertent word processing error by the Examiner in view of the contradictory position argued in the later Office Actions, however, Applicant feels that the assertion must be addressed as long as the Examiner continues to make the assertion, even though perhaps inadvertent.

3. Kleiman is not properly combinable with Maes et al. in support of an obviousness rejection since making such a combination defeats the intended function of Kleiman

If Kleiman and Maes are combined as suggested by the Office Action, the function of Kleiman is destroyed or at a minimum the principle of operation of Kleiman is drastically modified. This is not permitted in a proper *prima facie* obviousness rejection. Consider the following:

- In Kleiman, as described in columns 9 and 13, the VET envelope is decrypted at the player using a VET key. The VET is encrypted using a hardware dependent key (the internal IT key). The re-encryption action triggers

deducting a credit in Kleiman. In Kleiman, the hardware specific key is used to internally encrypt and decrypt the content (the VET) so that playback is only possible on a single device. Apparently, multiple playbacks are contemplated for a single credit. That single credit is used to enable decryption and storage operations that make the content usable.

- Mars et al., discloses a smart card that can be used to provide credits for various goods and services.

The Office Action recycles the previous argument that would have been obvious “*to employ the well known method of charging a customer on a pay-per-play basis to the teachings of Kleiman in order to accommodate customers who may prefer purchasing the content on a one-time basis*” and thus it would be obvious to “*collect the fee whenever the content is played.*”

Once again, this argument simply does not hold water. It is assumed from this remark that the Examiner is suggesting replacement of Kleiman’s mechanism for deducting a credit when content is properly downloaded, decrypted and stored with Maes et al’s smart card device in order to deduct a credit when the content is played. To do so clearly destroys the function of Kleiman since Kleiman’s system is designed, in part, to use encryption to protect the content, and the user is only able to properly download, decrypt and store the content if he pays for the privilege by using one of Kleiman’s credits.

If one makes the only logical combination of Kleiman and Maes, one arrives at a system that uses a smart card to pay for Kleiman’s download credits. While this might be conceivable combination, it is irrelevant to Applicant’s claims.

Thus, it must be concluded that to make the proposed substitution destroy’s the function of Kleiman, or at the very least dramatically changes the function of Kleiman. MPEP 2143.01 provides that one cannot establish *prima facie* obviousness if a proposed combination or modification destroys the function of one of the references

being combined, or if the proposed modification changes the principles of operation of the cited reference. Accordingly, the current combination cannot be used to establish *prima facie* obviousness since the function of Kleiman's hardware specific encryption would be destroyed, or at best the principles of operation of Kleiman are dramatically changed in some unexplained manner.

The payment mechanism of Kleiman is intimately associated with the download process, and an elaborate decryption, re-encryption and storage mechanism designed to protect the content from unauthorized copying. The proposed modifications to Kleiman using Maes to convert to a pay-per-play scheme without destroying the function of this content protection mechanism.

4. There is no suggestion in the art to properly combine Kleiman with Maes in support of an obviousness rejection

MPEP 2143.01 requires that the prior art suggest the desirability of the claimed invention. A suggestion to make a combination must come from the art and not the invention. To suggest otherwise, is an improper hindsight reconstruction.

The Office Action provides no reasoning as to why one would replace the payment for download arrangement of Kleiman with a pay-per-play arrangement except the speculative statement that such combination would "accommodate customers who may prefer purchasing the content on a one-time basis." However, it cannot be disputed or ignored that in Kleiman, the content has already been purchased in order to download and properly decrypt the content. No line of reasoning is presented as to why a system that requires double payment (download and decrypt + pay-per-play) is obvious.

Again the Office Action uses a feature or advantage of the invention itself as justification to make the proposed combination, evidencing hindsight. However, in this case if we assume that the proposed combination is to be interpreted as adding Maes' payment mechanism to Kleiman (This is the only way to make the case that the function

of Kleiman is not to be destroyed or modified as explained above) then one can only conclude that in order for the present combination to be obvious to one of ordinary skill in the art, it must also be obvious to produce a combination in which a user has to pay twice to hear the content once! In this combination, the user must pay (1) to download, decrypt and store the content and then must pay (2) to play the content. Clearly this is neither logical nor obvious. Moreover, it is clearly beyond the teachings or intent of Kleiman, Maes and Applicant.

In short, the Examiner has used a hindsight analysis of features of certain embodiments of the invention to justify combination of references without any clear suggestion or teaching in the art to back up such a combination. When the combination is made, it results in a double payment arrangement or else the destruction of the function of Kleiman. MPEP 2143.01 clearly requires that the suggestion or teaching come either explicitly or implicitly from the art or the knowledge of those of ordinary skill in the art. As stated in MPEP 2142, the Examiner bears the initial burden of factually supporting any conclusion of *prima facie* obviousness. Establishing facts that support the propriety of making the proposed combination is a necessary part of meeting such burden. Thus far, the Examiner has not met this burden since the proposed combination is illogical and is not suggested by the art.

## **CONCLUSIONS**

Claim 45 was indicated allowable. The above arguments clearly overcome the references of record, and Examiner Kim has agreed that this is the case. Reconsideration and allowance of all claims at an early date is respectfully requested.

Several of the claims have been amended to correct the objections noted in paragraph 2 of the Office Action without effect to the scope of the amended claims. Applicant respectfully requests entry of these amendments to place the application in better condition for appeal. These obvious minor amendments to the preamble do not affect the intended scope of the claims and require no new search or consideration. No substantive amendments have been made. Accordingly, final rejection is improper at this stage.

Respectfully submitted,



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